



State of Washington
PUBLIC DISCLOSURE COMMISSION

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112
Toll Free 1-877-601-2828 • E-mail: pdcc@pdcc.wa.gov • Website: www.pdca.wa.gov

9:00 a.m.
July 23, 2002

MINUTES – REGULAR MEETING

Evergreen Plaza Bldg. Room 206
711 Capitol Way South
Olympia, Washington

COMMISSION MEMBERS PRESENT

Mike Connelly, Chair
Susan Brady, Vice Chair
Lois Clement, Secretary
Christine Yorozu, Member
Francis Martin, Member

STAFF PRESENT

Vicki Rippie, Executive Director
Susan Harris, Assistant Director
Michael Smith, Chief Tech. Officer
Nancy Krier, Asst. Attorney General
Linda Dalton, Sr. Asst. Attorney General
Ruthann Bryant, Secretary

The regular meeting of the Public Disclosure Commission was called to order by Commission Chair Mike Connelly at 9:00 a.m. in the Evergreen Plaza Building, Room 206, Olympia, Washington.

Commissioner Comments

Commissioner Connelly welcomed new Commission member Francis Martin of Yakima.

Commissioner Martin stated that he retired from firefighting in Yakima after serving 25 years and he currently works in the horse racing industry in Washington, Montana and Oregon.

Commissioner Connelly thanked Commissioner Yorozu for serving as Chair over the last year. He also commented on the staff picnic held the

previous evening and thanked the staff members who organized the event.

Commissioner Connelly also commended Vicki Rippie and staff for their hard work, which resulted in a first place ranking among the states by the Ballot Initiative Foundation for the agency's disclosure of ballot measure information.

Commissioner Brady also congratulated the agency and added that she is very pleased and proud of the entire staff or their efforts.

Vicki Rippie thanked Susan Harris and Michael Smith and noted that the information technology staff had done an admirable job.

Citizen Comments/Concerns

No citizen comments or concerns were expressed.

Minutes

Motion 03-001

Moved by Commissioner Brady, seconded by Commissioner Yorozu:

The Commission adopts the minutes of the special meetings of May 21, May 29 and June 20, 2002, as written.

Voting For: Commissioners Brady, Yorozu, and Clement.

Not Voting: Commissioners Connelly and Martin.

The motion passed.

Enforcement Matters

Hearings

*St. Clair Woodworth, Commissioner
Port of Sunnyside, Case #02-619*

Phil Stutzman summarized the case against St. Clair Woodworth for alleged violation of RCW 42.17.240 by failing to file a statement of Financial

Affairs by April 15, 2002. Mr. Stutzman noted that the report was filed on July 22, 2002.

Mr. Stutzman then read the Stipulation of Facts, Violation and Penalty into the record noting that an outstanding penalty of \$1,000 for a prior violation has been included in the stipulation.

Motion 03-003

Moved by Commissioner Yorozu, seconded by Commissioner Clement:

The Commission accepts the Stipulation of Facts, Violation and Penalty of \$1,000 in PDC case #02-619 and \$1,000 in PDC case #01-679 to be paid within 30 days of the date of the Commission's order in the case of St. Clair Woodworth.

Voting For: Commissioners Brady, Yorozu, Clement and Martin.

Not Voting: Commissioner Connelly.

The motion passed.

Vicki Rippie is authorized to prepare and sign the order on behalf of the Commission.

*United Seafood Business Assn.
and Doug Merino, Case #03-006*

Mr. Stutzman summarized the case against United Seafood Business Association and Doug Merino for alleged violation of RCW 42.17.180 by failing to file a Lobbyist Employers' report covering lobbying activities for calendar year 2001. Mr. Stutzman noted that the report had been filed on July 23, 2002.

Mr. Stutzman read the Stipulation of Facts and Violation into the record, noting that Mr. Merino reserved the right to request that the Commission suspend a portion of the penalty.

Mr. Merino addressed the Commission and stated that the association was a group of fisherman out of Westport, including his brother. He also stated

that he signed the reports for title purposes only since his brother was often out of town. Mr. Merino requested leniency on the penalty since the association has been disbanded for the past two years and he does not believe he is directly responsible for the association.

Motion 03-003

Moved by Commissioner Brady, seconded by Commissioner Clement:

In PDC Case #03-006, United Seafood Business Association and Doug Merino, the Commission accepts and amends the Stipulation of Facts, Violation and Penalty and imposes a fine of \$1,000, \$500 of which is due immediately following the enforcement hearing, \$250 is to be paid by September 30, 2002 and the remaining \$250 is suspended pending no future violations of RCW 42.17 for two years.

Voting for: Commissioners Brady, Clement and Martin.

Voting against: Commissioner Yorozu.

Not Voting: Commissioner Connelly.

The motion passed.

Vicki Rippie is authorized to prepare and sign the order on behalf of the Commission.

Electronic Filing

Susan Harris reported that six political committees have been scheduled for enforcement hearings for failing to file campaign reports electronically as required by RCW 42.17.3691.

*Abraham Lincoln Memorial Society,
Case #03-008*

Ms. Harris summarized the case against the Abraham Lincoln Memorial Society and entered exhibits 1 through 6 into the record.

*East King County Lawyers for
Justice, Case #03-009*

Ms. Harris summarized the case against the East King County Lawyers for Justice and entered exhibits 1 through 6 into the record.

*Western WA Trial Lawyers for
Victims Rights, Case #03-016*

Ms. Harris summarized the case against the Western WA Trial Lawyers for Victims and entered exhibits 1 through 6 into the record.

Victims Advocates, Case #03-014

Ms. Harris summarized the case against the Victims Advocates and entered exhibits 1 through 6 into the record.

Ms. Harris reported that the facts summarized in these cases are undisputed by all parties. She also noted that all four PACs have filed at least one C3 and one C4 electronically to date.

Larry Shannon, Government Affairs Director for the Washington State Trial Lawyers Association, representing the Abraham Lincoln Memorial Society, East King County Lawyers for Justice, Western WA Trial Lawyers for Victims Rights and Victims Advocates, stated that it has been electronic and programming difficulties as well as staffing problems which have prevented timely compliance. Mr. Shannon also stated that he has hired a computer programmer who has written a compatible program to avoid having to enter data into two databases and to ensure compliance.

Commissioner Brady noted that the agency has provided many training opportunities and notifications over the previous two years in preparation for the legislative mandate.

Motion 03-004

Moved by Commissioner Brady, seconded by Commissioner Yorozu:

The Commission finds a violation of RCW 42.17.3691 and assesses a penalty of \$500 with \$250 suspended based on up-to-date electronic filing within 10 business days in each of the

following: PDC Case #03-008, Abraham Lincoln Memorial Society, PDC Case #03-009, East King County Lawyers for Justice, PDC Case #03-014 Victims Advocates and PDC Case #03-016 Western WA Trial Lawyers for Victim's Rights.

Voting For: Commissioners Brady, Yorozu and Martin.

Voting Against: Commissioners Connelly and Clement.

The motion passed.

Vicki Rippie is authorized to prepare and sign the order on behalf of the Commission.

PAC 48 of WA, Case #03-012

Ms. Harris summarized the case against the PAC 48 of WA and entered exhibits 1 through 5 into the record.

Philip Parker, treasurer of PAC 48 of WA, was present and stated that he previously had difficulties with the WEDS program, however, he is currently prepared to file electronically.

Motion 03-005

Moved by Commissioner Brady, seconded by Commissioner Yorozu:

The Commission finds a violation of RCW 42.17.3691 and assesses a penalty of \$500 with \$250 suspended based on up-to-date electronic filing within 10 business days in PDC Case #03-012 PAC 48 of WA.

Voting For: Commissioners Brady, Yorozu, Connelly and Martin.

Voting Against: Commissioner Clement.

The motion passed.

Vicki Rippie is authorized to prepare and sign the order on behalf of the Commission.

WA State NARAL, Case #03-015

Ms. Harris summarized the case against the WA State NARAL and entered exhibits 1 through 6 into the record.

Karen Cooper, executive director of WA State NARAL, was present and stated that they were unaware that the WEDS system would not accept data imported from accounting software. Melissa Cory, business manager, noted that a C3 and a C4 were submitted electronically on July 14, 2002. Ms. Cory also noted that although they are not currently in compliance she is entering the information into the system and expects to be current within 10 business days.

Motion 03-006

Moved by Commissioner Brady, seconded by Commissioner Yorozu:

The Commission finds a violation of RCW 42.17.3691 and assesses a penalty of \$500 with \$250 suspended based on up-to-date electronic filing within 10 business days in PDC Case #03-015 Washington State NARAL.

Voting For: Commissioners Brady, Yorozu, Connelly and Martin.

Voting Against: Commissioner Clement.

The motion passed.

Vicki Rippie is authorized to prepare and sign the order on behalf of the Commission.

Personal Financial Affairs Reporting

Mr. Stutzman noted that the reporting modification requests for Patricia Connolly Walker and Christine Cary have been postponed.

New Modification Request

*James O'Donnell, Commissioner,
Sammamish Plateau Water and
Sewer District*

Mr. Stutzman reported that Mr. O'Donnell requests an exemption from reporting business customers of Shamrock Security Systems, Inc., DBA Statewide Security, a corporation of which he is President and owner.

The Commission directed that the order include the statement "the applicant will report business customers that are a matter of public record."

Motion 03-007

Moved by Commissioner Yorozu, seconded by Commissioner Clement:

The Commission grants the reporting modification to James O'Donnell as requested.

The Commission finds that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

Renewals (no changes)

*Kristine Mikkelsen, Trustee,
Eastern Washington University*

Mr. Stutzman reported that Ms. Mikkelsen requests an exemption from reporting business customers of the accounting firm of McDirmid, Mikkelson and Seacrest, P.S. of which her husband is 25 percent owner.

Motion 03-008

Moved by Commissioner Yorozu, seconded by Commissioner Martin:

The Commission grants the reporting modification requested by Kristine Mikkelsen subject to her recusal from voting as a Trustee of Eastern

Washington University regarding matters concerning any known reportable business or governmental clients of McDirmid, Mikkelson and Seacrest, P.S. of which she is aware.

The Commission finds that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

*Patricia Hein, School Director,
Cle Elem/Roslyn School District
No. 404*

Mr. Stutzman reported that Ms. Hein requests an exemption from reporting the business customers of Shoemaker Manufacturing of which she is part owner.

Motion 03-009

Moved by Commissioner Yorozu, seconded by Commissioner Clement:

The Commission grants the reporting modification requested by Patricia Hein, covering reports due between January 1 and April 15 each year from 1994 through 2002, as requested.

The Commission finds that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

Assistant Attorney General Nancy Krier suggested that staff send letters to those requesting reporting modifications each year to remind them that the request must be renewed on an annual basis.

Rule-Making

Doug Ellis briefly summarized potential activity regarding the following rules:

- Amend WAC 390-17-100 Contribution withholding authorizations
- New rule implementing Chapter 152, 2002 Session Laws
- Amend WAC 390-16-234 Transfer of Surplus Funds
- Amend WAC 390-17-200 Major political party organizations

Mr. Ellis noted that staff would conduct a stakeholder meeting on August 14th to give all interested persons an opportunity to participate in the process and a public hearing would take place later this year.

Motion 03-010

Moved by Commissioner Yorozu, seconded by Commissioner Clement:

The Commission approves filing CR-101 for WAC 390-17-100 Contribution withholding authorizations, new rule implementing Chapter 156, 2002 Session Laws, WAC 390-16-234 Transfer of Surplus Funds and WAC 390-17-200 Major political party organizations.

The motion passed unanimously.

Mr. Ellis also reported on expedited adoption of amendments to WAC 390-24-010 and WAC 390-24-020 Forms for Statement of Financial Affairs to correct a dollar amount error and add email address and toll free number to the forms.

Motion 03-011

Moved by Commissioner Yorozu, seconded by Commissioner Brady:

The Commission approves expedited rule making for WAC 390-24-010 and WAC 390-24-020 Forms for Statement of Financial Affairs.

The motion passed unanimously.

Quasi-Judicial Issues

Assistant Attorney General Nancy Krier summarized limitations and prohibitions placed upon commission members regarding enforcement hearings.

Ms. Krier suggested that the Commission reexamine WAC 390-37-030 at a future meeting to clarify the circumstances of public involvement during an enforcement procedure. She also suggested that the agenda reflect when public comments will be heard until the rule making process takes place.

The Commission directed staff to begin the rulemaking process to amend WAC 390-37-030 Enforcement procedures – Status of citizen complainant and others, as a part of the current rule making packet.

45-day Letter

Ms. Krier updated the Commission regarding 45-day citizen action complaints. She noted that the statutory timeframes surrounding these cases is going to be argued in EFF v. NEA and the outcome of that trial may have an effect on the Commission's agency request legislation that proposes changing the 45 days to 60 business days.

Executive Session

The Commission went into executive session at 11:35 a.m. to discuss pending litigation with legal counsel and an employee's performance review.

Public Session

The Commission returned to public session at approximately 12:05 p.m. and adjourned for lunch.

Advisory Matters

Susan Harris reported on the application of RCW 42.17.100 reporting requirements when independent expenditures are made for more than one candidate or ballot proposition during an election campaign. According to RCW 42.17.100, independent expenditures of \$100 or more made during an election campaign by a person must be reported. Staff opined that the statute could be interpreted to require C-6 reporting when the total of the independent expenditures reach \$100 or

when they reach \$100 per candidate or ballot proposition.

Given the low reporting threshold, staff recommends that the Commission adopt an interpretation concluding that a C-6 report is required only if the total attributed to supporting or opposing candidate or ballot issue included in the expenditure is \$100 or more.

The Commission directed staff to draft an interpretation regarding filing a report of independent expenditure to include language stating that if one candidate benefits from \$100 or more the entire expenditure is reportable.

Vicki Rippie requested withdrawal of Interpretation 95-01, Definition of "General Election," since it is no longer needed.

Motion 03-012

Commissioner Brady, seconded by Commissioner Yorozu:

**The Commission withdrawals
Interpretation 95-01, Definition of
"General Election" as requested.**

The motion passed unanimously.

2003-05 Biennial Budget
Submission

Vicki Rippie reported on a draft of the strategic plan developed as a result of the Commission's June meeting. She also summarized draft decision packages for retirement buyout and information technology software upgrades and maintenance agreements necessary to maintain accurate and timely access to information.

Motion 03-013

Moved by Commissioner Martin, seconded by Commissioner Brady:

**The Commission approves the
submission of the 2003-05 Biennial
Budget to the Office of Financial
Management as presented by staff.**

The motion passed unanimously.

Staff Reports

Executive Director

Vicki Rippie discussed the closeout of FY02 budget year, noting that there had been a personnel charge credit of \$15,000 from the Office of the Attorney General.

Assistant Director

Susan Harris said that during FY02 72 workshops were held, 39 of them were for electronic filing.

Chief Technology Officer

Michael Smith briefly updated the Commission on the WEDS replacement software which is currently scheduled to be available to the public next year.

Assistant Attorney General

Nancy Krier summarized the status of current cases and pending litigation, noting that the EFF et. al. v. NEA has recently been reassigned to a new judge.

Enforcement Issues

Susan Harris reported on the settlement process for brief enforcement hearings. She commented that current settlement amounts have been in place for over 10 years without increase and staff is recommending raising the amount to \$100 for each late report.

Motion 03-014

Moved by Commissioner Clement, seconded by Commissioner Yorozu:

The Commission approves increasing the settlement amount for all filers from \$50 to \$100 per missing report effective August 1, 2002.

The motion passed unanimously.

Ms. Harris also summarized proposed penalty grids to be used by the Presiding Officer during brief enforcement hearings. The grids account for the filing status of each individual and provide consistency in imposing penalties.

Motion 03-015

Moved by Commissioner Clement, seconded by
Commissioner Brady:

**The Commission adopts a policy
implementing the penalty grids on a
temporary basis for a six-month
period as presented.**

The motion passed unanimously.

Adjournment

Commissioner Connelly adjourned the meeting at
2:17 p.m. The next meeting is scheduled for
Tuesday, August 27, 2002.

Approved by the Commission 8/27/02